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# Department of Technology Services

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LEGISLATIVE ANALYST'S OFFICE

Presented To:  
Little Hoover Commission





## Overview of State Information Technology

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- State spends about \$2 billion annually on information technology (IT).
  - About \$300 million on telecommunications services.
  - Over \$400 million in purchases of IT goods and services.
  - Over \$200 million in operating the state's data centers.
  - Remaining \$1 billion for developing and maintaining departmental systems.



## IT Governance

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- Since the sunset of the Department of Information Technology in 2002, the state has had an interim IT governance structure.



### **State's Interim IT Governance Structure**

- Most of the interim structure was implemented through Executive Order and the *2002-03 Budget Act*.
- **State Chief Information Officer**
  - Provides general guidance and performs some coordination activities.
- **Department of Finance (DOF)**
  - Develops policies for review, approval, oversight, and security of state IT systems.
  - Rates projects on risk—evaluating factors such as cost, activities, and staff experience.
  - Reviews project proposals and oversees medium to high-risk projects.
- **Department of General Services (DGS)**
  - Develops procurement policies.
  - Reviews and monitors state procurements.
- **Data Centers**
  - Operate shared computer systems and networks.
  - Operate large departmental systems.
- **Departments**
  - Manage IT projects.
  - Maintain departmental hardware and software.



## Department of Technology Services

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Proposal consolidates:

- Stephen P. Teale Data Center.
- Health and Human Services Agency Data Center (HHSDC).
- Portion of DGS' Telecommunications Division (TD).



Department of Technology Services (DTS) would:

- Install and maintain small, medium, and large computer hardware and software systems.
- Implement and maintain the state's telecommunications network and services.
- Implement information security practices to prevent computer hacking and protect the state's information systems.
- Assist departments in defining their technology needs.
- Develop state-level computer systems.



DTS would be overseen by Technology Services Board (TSB).

- Composed of a Governor's designee, DOF, the State Controller, Cabinet Secretaries, and the Director of the Office of Emergency Services.
- TSB would meet quarterly and comply with the Bagley-Keene Open Meeting Act.
- TSB would assist in the development of a data center operations plan, hire an independent audit to conduct annual financial audit, and approve the annual DTS budget and rates.



## Department of Technology Services

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DTS would have a revolving fund.

- Fund would be continuously appropriated, but the administration has indicated it supports changes to the budget bill.
- If the fund reserve exceeds 25 percent in the current year, the excess amount would be used to reduce the DTS rates in the budget year.



Consolidation should improve services and reduce costs:

- Provide one executive and administrative structure.
- Improve use of excess hardware and software.
- Reduce hardware and software costs.
- Reduce impact of pending retirements.
- Increase efficiencies in supporting existing computer systems.
- Data center consolidation is consistent with prior legislative direction.
- Consolidation of DGS TD services is consistent with other DTS services.
- Review of rates and an annual external financial audit would provide additional information to the Legislature.



## LAO Recommendations

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### **TSB**

- Concerns regarding board's composition.
- Composition of TSB should include more IT expertise and perspectives outside of the administration.



### **Permanent Governance Structure Needed**

- Current structure is temporary.
- The state needs a permanent solution to effectively manage IT.
- DTS proposal does not resolve governance structure issue.



Permanent governance structure should be based on key objectives.

#### ■ **Leadership**

- Provides direction and guidance.
- Sets goals and priorities.
- Develops plans and policies.

#### ■ **Accountability**

- Defines roles and responsibilities
- Designates specific authority and powers.
- Helps the public hold government responsible.



## LAO Recommendations

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### ■ Oversight

- Monitors IT projects and expenditures.
- Directs corrective actions to problematic IT projects.
- Provides information for budget and policy decisions.



### Improvements Needed in Procurements

- Streamline the protest process, including allowing for voluntary, binding arbitration of protests.
- Use computers instead of paper to facilitate transactions with vendors.
- Require independent evaluations of proposals.
- Improve the quality of departmental bid specifications and contract management.
- Provide effective evaluations of contractor performance and sanction poor-performing contractors.